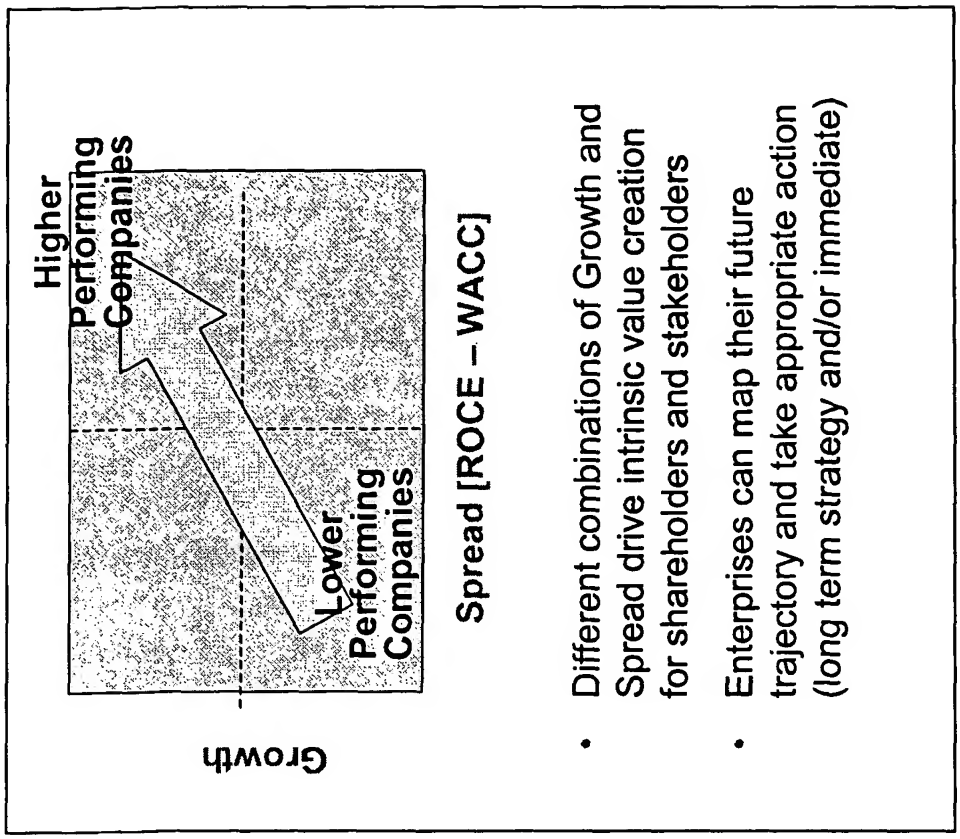
50
Higher Performing Companies
Lower Performing Companies
Growth
Spread [ROCE – WACC]
• Different combinations of Growth and Spread drive intrinsic value creation for shareholders and stakeholders
• Enterprises can map their future trajectory and take appropriate action (long term strategy and/or immediate)

FIG. 1

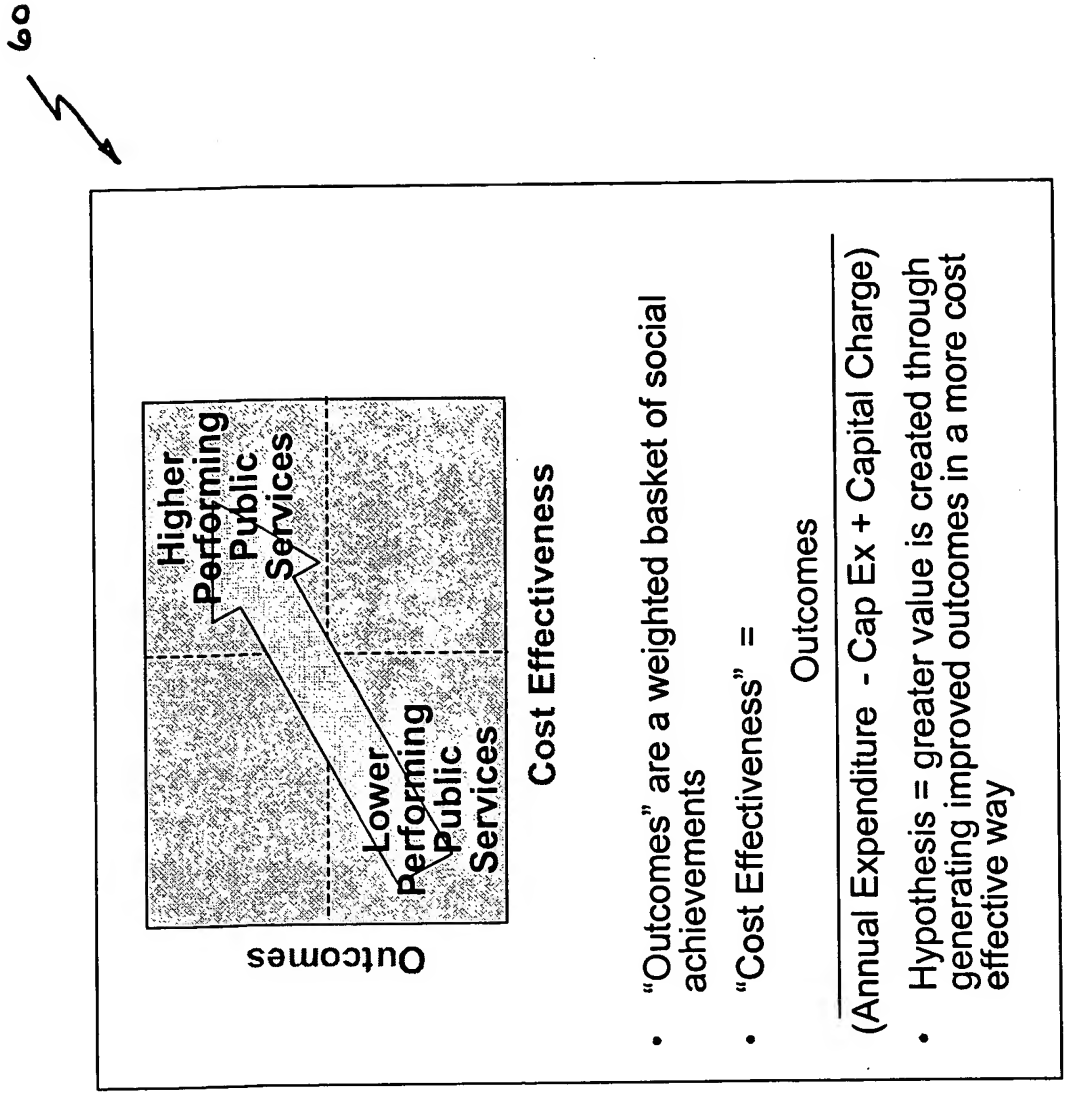
60
Higher Performing Public Services
Lower Performing Public Services
Outcomes
Cost Effectiveness
• "Outcomes" are a weighted basket of social achievements
• "Cost Effectiveness" = Outcomes / (Annual Expenditure - Cap Ex + Capital Charge)
• Hypothesis = greater value is created through generating improved outcomes in a more cost effective way

FIG. 2

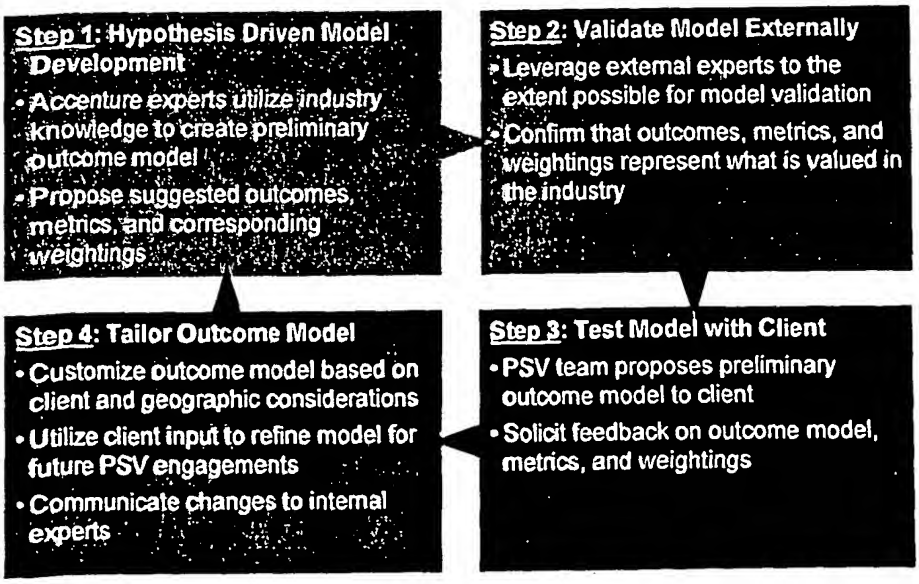
Step 1: Hypothesis Driven Model Development
• Accenture experts utilize industry knowledge to create preliminary outcome model
• Propose suggested outcomes, metrics, and corresponding weightings
Step 2: Validate Model Externally
• Leverage external experts to the extent possible for model validation
• Confirm that outcomes, metrics, and weightings represent what is valued in the industry
Step 3: Test Model with Client
• PSV team proposes preliminary outcome model to client
• Solicit feedback on outcome model, metrics, and weightings
Step 4: Tailor Outcome Model
• Customize outcome model based on client and geographic considerations
• Utilize client input to refine model for future PSV engagements
• Communicate changes to internal experts

FIG. 3

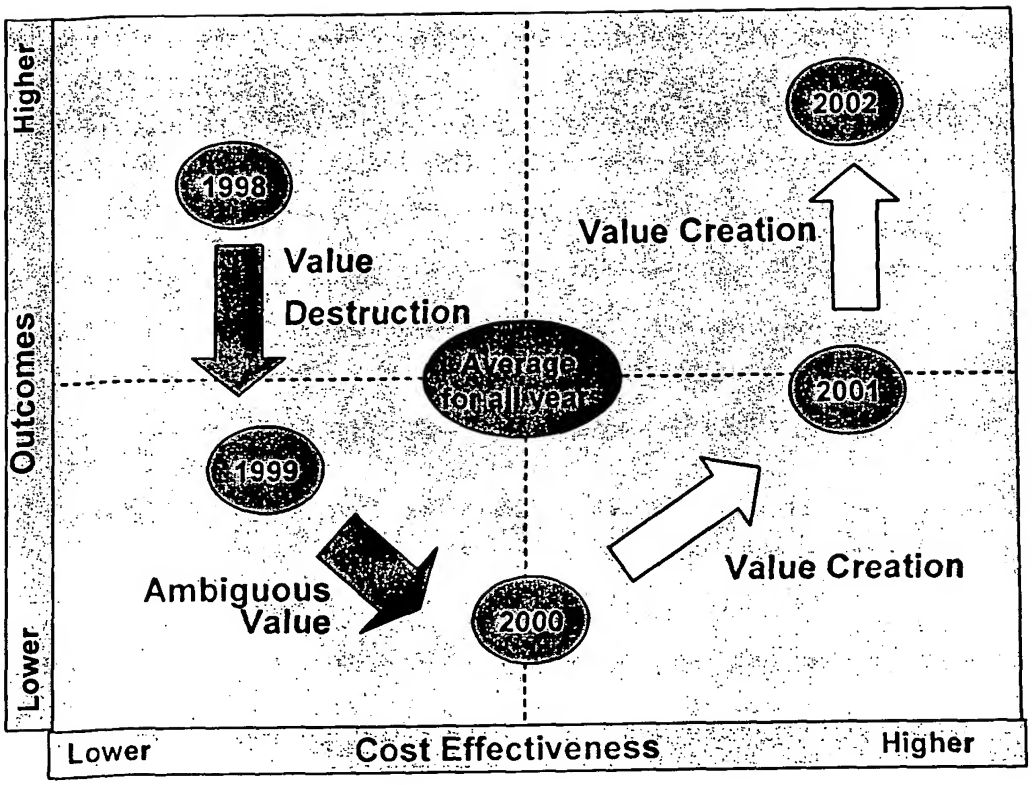
Outcomes
Higher
Lower
Cost Effectiveness
Lower
Higher
1998
2002
2001
1999
2000
Average for all year
Value Destruction
Value Creation
Ambiguous Value
Value Creation

FIG. 4

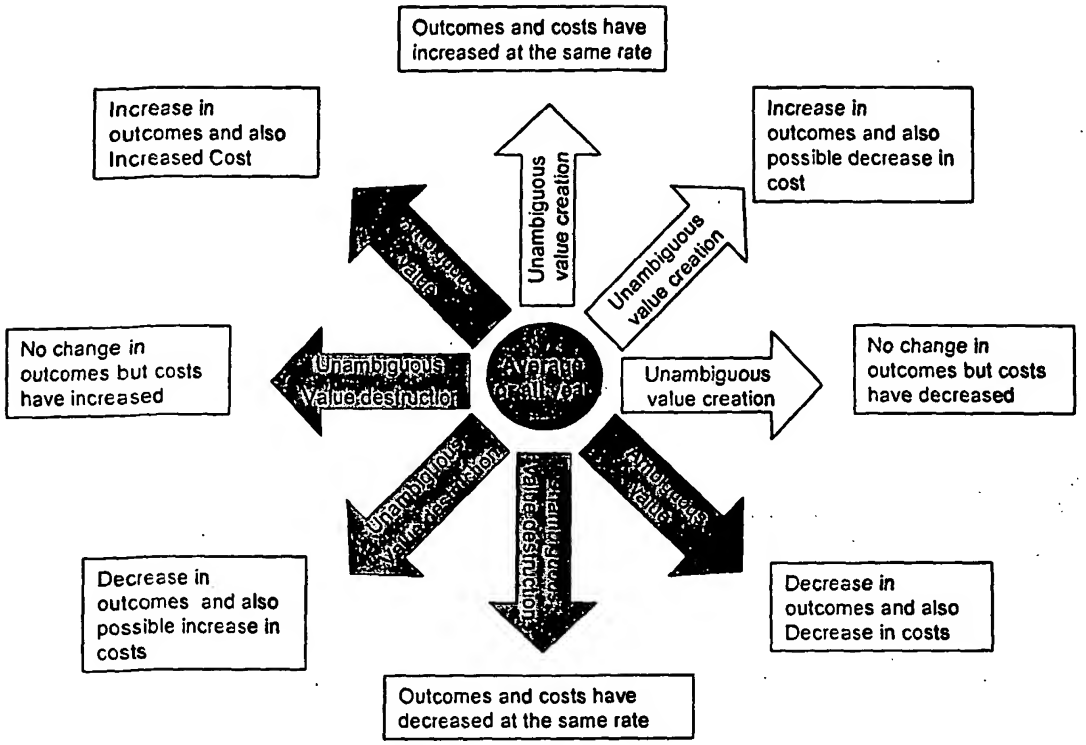
Outcomes and costs have increased at the same rate
Increase in outcomes and also Increased Cost
Increase in outcomes and also possible decrease in cost
Unambiguous value creation
Unambiguous value creation
No change in outcomes but costs have increased
Unambiguous value destruction
Unambiguous value creation
No change in outcomes but costs have decreased
Unambiguous value destruction
Unambiguous value destruction
Unambiguous value creation
Decrease in outcomes and also possible increase in costs
Decrease in outcomes and also Decrease in costs
Outcomes and costs have decreased at the same rate

FIG. 5

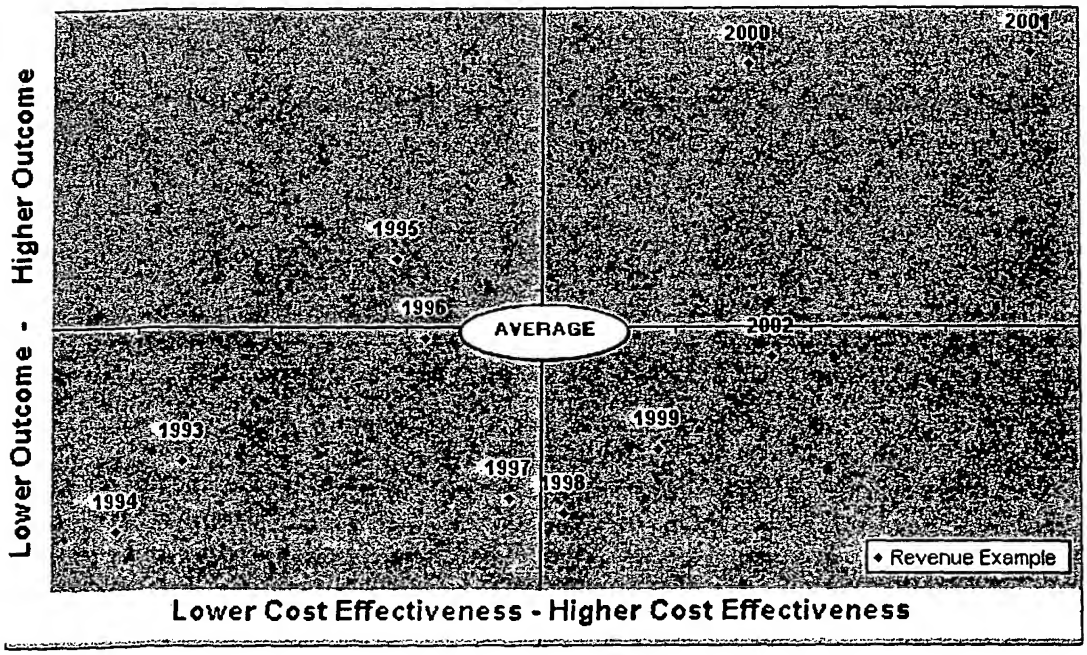
Lower Outcome - Higher Outcome
2000
2001
1995
1996
AVERAGE
2002
1993
1999
1997
1994
1998
Revenue Example
Lower Cost Effectiveness - Higher Cost Effectiveness

FIG. 6

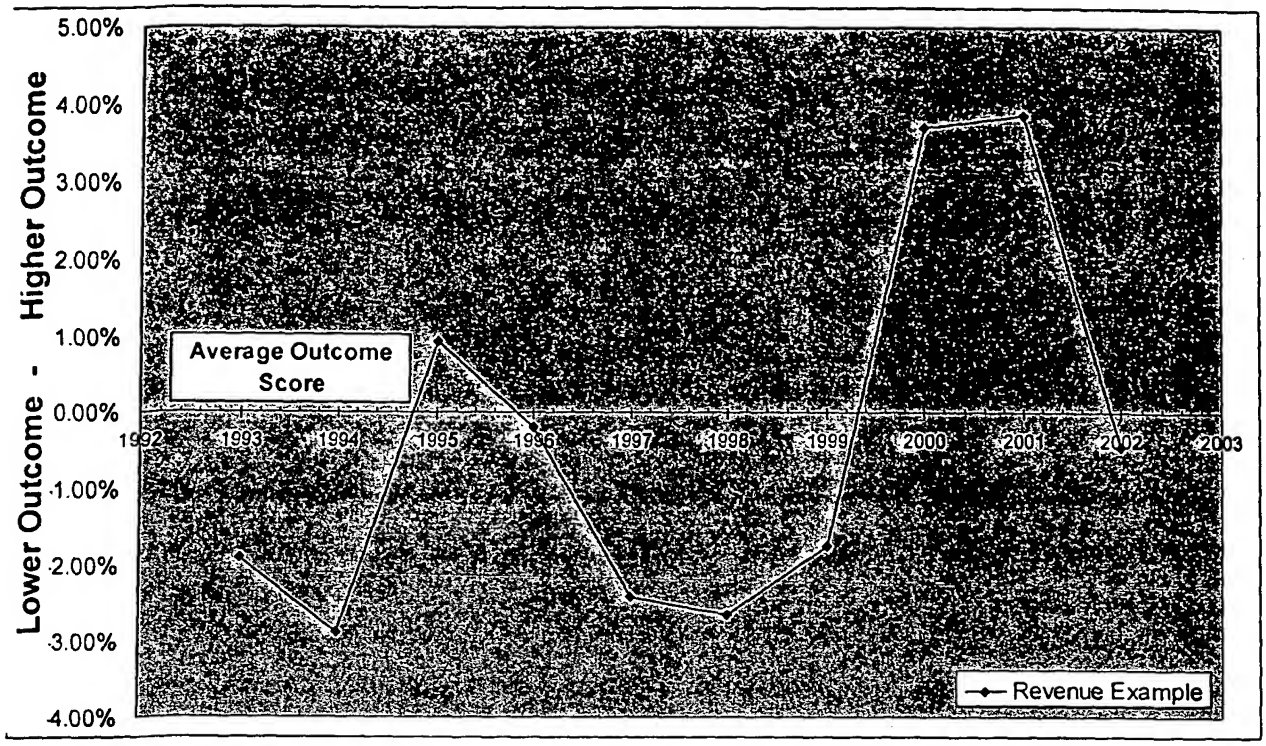
5.00%
4.00%
3.00%
2.00%
1.00%
0.00%
-1.00%
-2.00%
-3.00%
-4.00%
Lower Outcome - Higher Outcome
Average Outcome Score
1992
1993
1994
1995
1996
1997
1998
1999
2000
2001
2002
2003
Revenue Example

FIG. 7

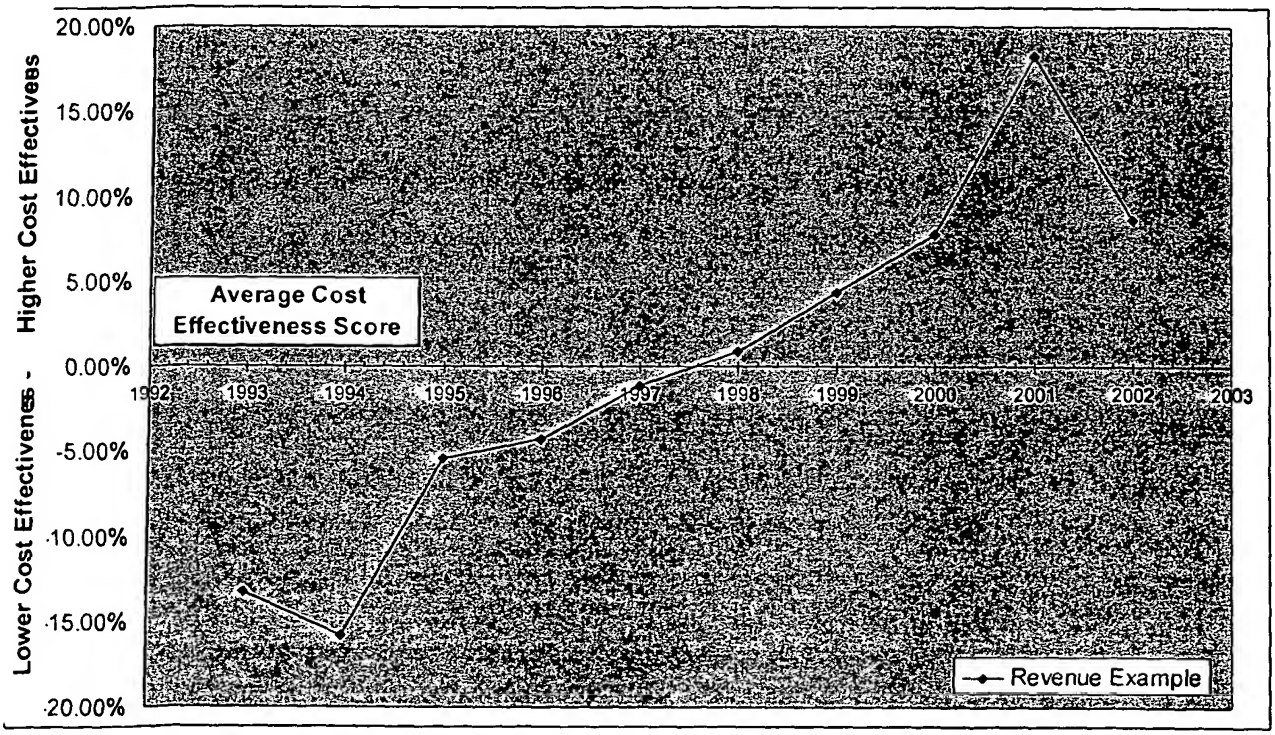
20.00%
15.00%
10.00%
5.00%
0.00%
-5.00%
-10.00%
-15.00%
-20.00%
Lower Cost Effectiveness - Higher Cost Effectiveness
Average Cost Effectiveness Score
1992
1993
1994
1995
1996
1997
1998
1999
2000
2001
2002
2003
Revenue Example

FIG. 8

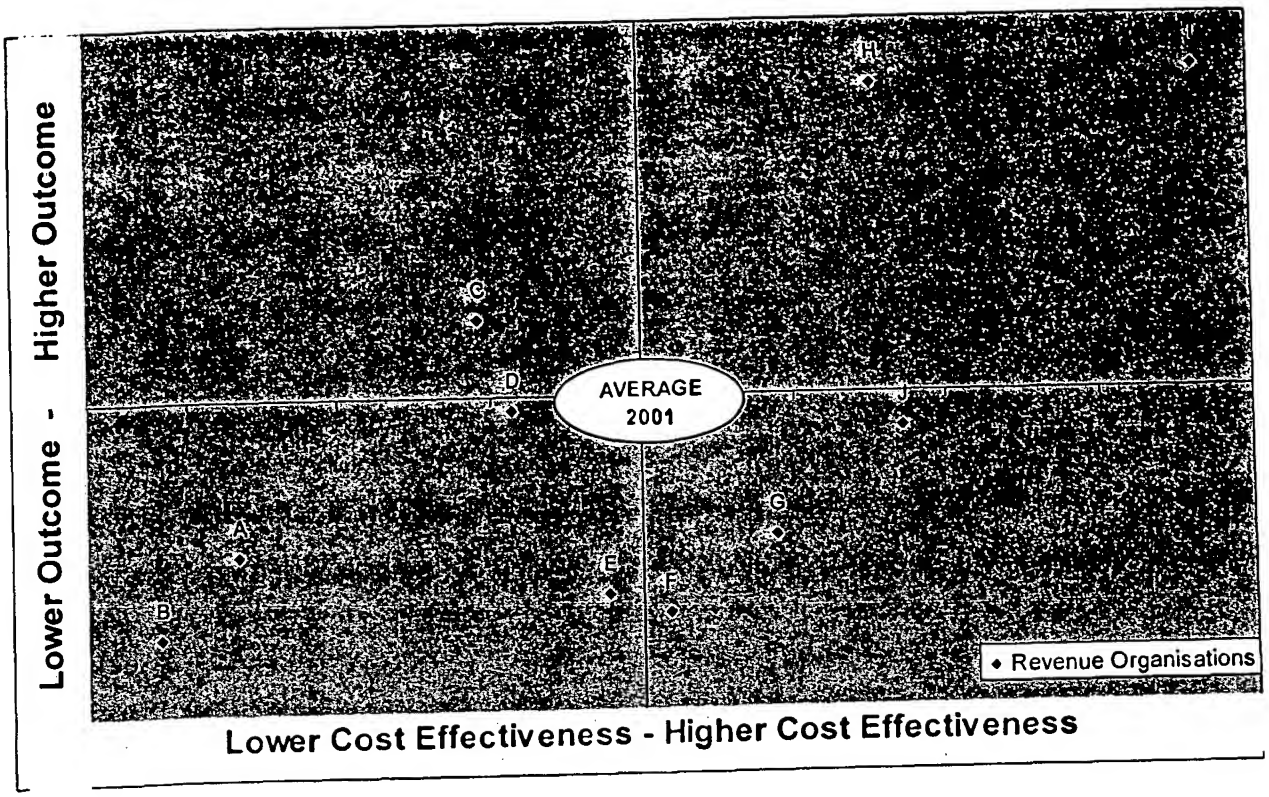
Lower Outcome - Higher Outcome
AVERAGE 2001
A
B
C
D
E
F
G
H
I
J
Revenue Organisations
Lower Cost Effectiveness - Higher Cost Effectiveness

FIG. 9

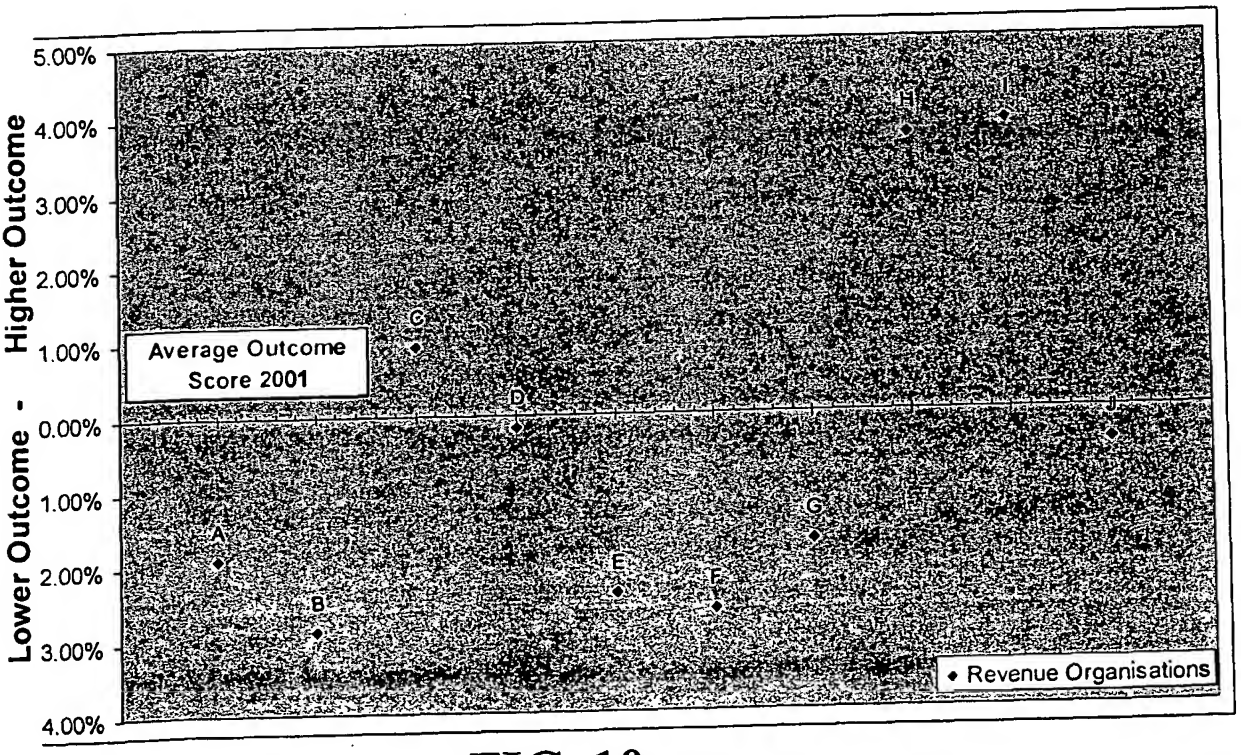
5.00%
4.00%
3.00%
2.00%
1.00%
0.00%
1.00%
2.00%
3.00%
4.00%
Lower Outcome - Higher Outcome
Average Outcome Score 2001
A
B
C
D
E
F
G
H
I
J
Revenue Organisations

FIG. 10

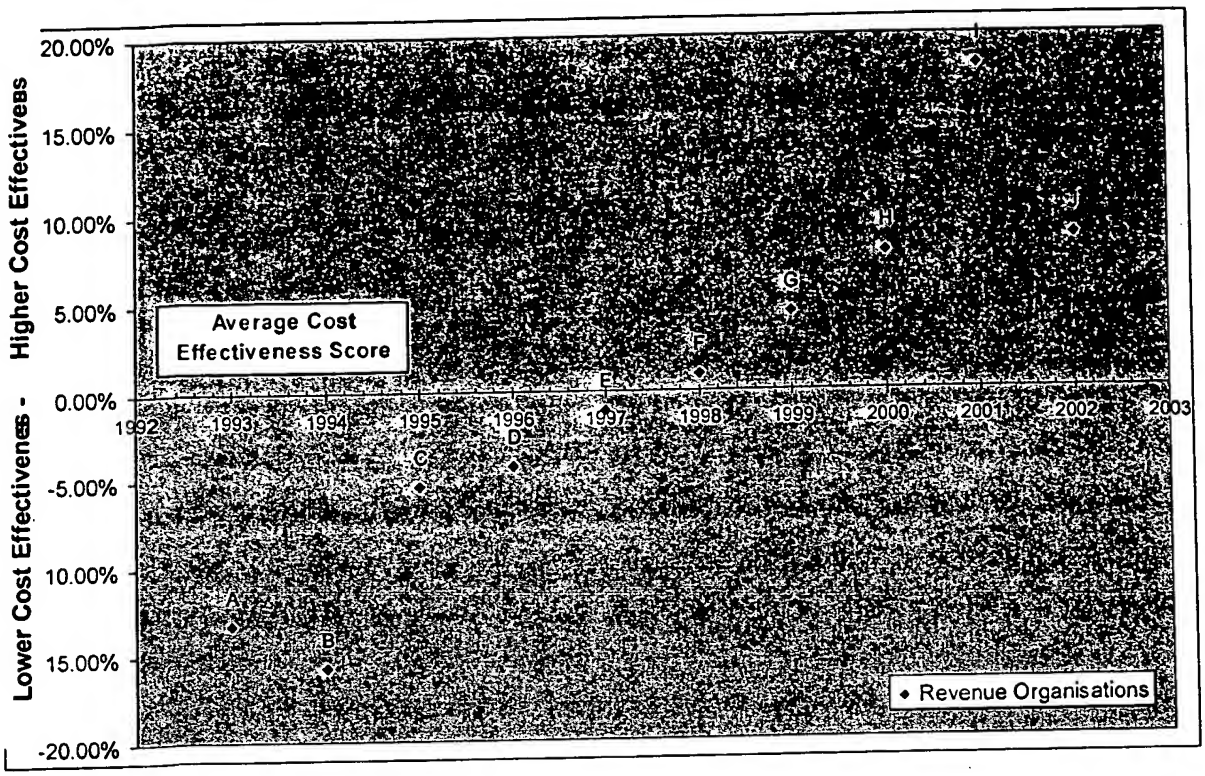
20.00%
15.00%
10.00%
5.00%
0.00%
-5.00%
10.00%
15.00%
-20.00%
Lower Cost Effectiveness - Higher Cost Effectiveness
Average Cost Effectiveness Score
1992
1993
1994
1995
1996
1997
1998
1999
2000
2001
2002
2003
A
B
C
D
E
F
G
H
I
J
Revenue Organisations

FIG. 11

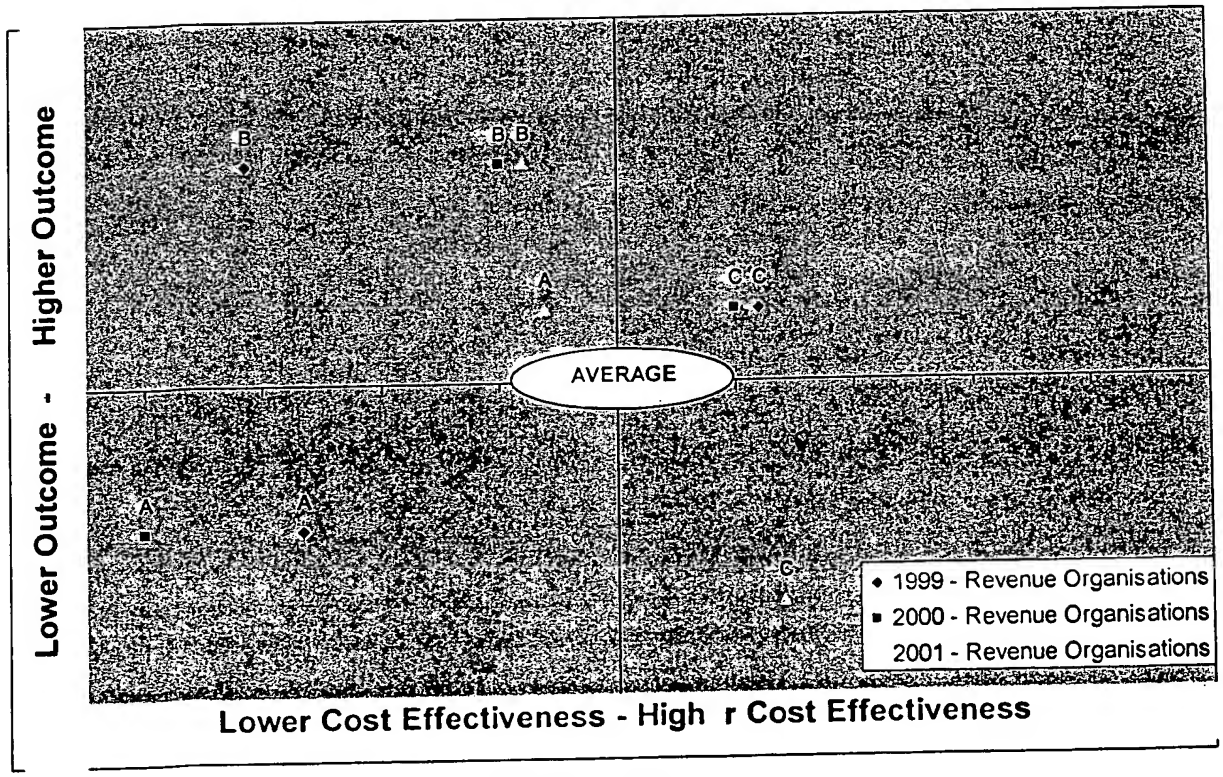
Lower Outcome - Higher Outcome
AVERAGE
1999 - Revenue Organisations
2000 - Revenue Organisations
2001 - Revenue Organisations
Lower Cost Effectiveness - High r Cost Effectiveness

FIG. 12

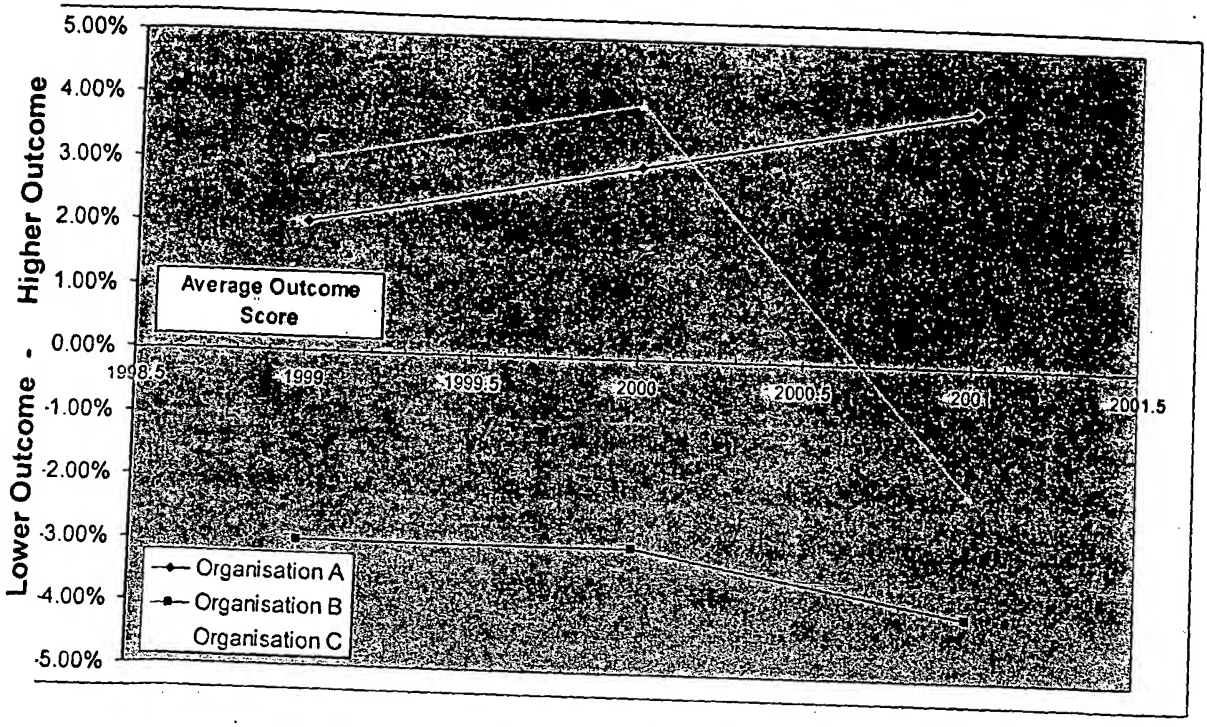
5.00%
4.00%
3.00%
2.00%
1.00%
0.00%
-1.00%
-2.00%
-3.00%
-4.00%
-5.00%
Lower Outcome - Higher Outcome
Average Outcome Score
1998.5
1999
1999.5
2000
2000.5
2001
2001.5
Organisation A
Organisation B
Organisation C

FIG. 13

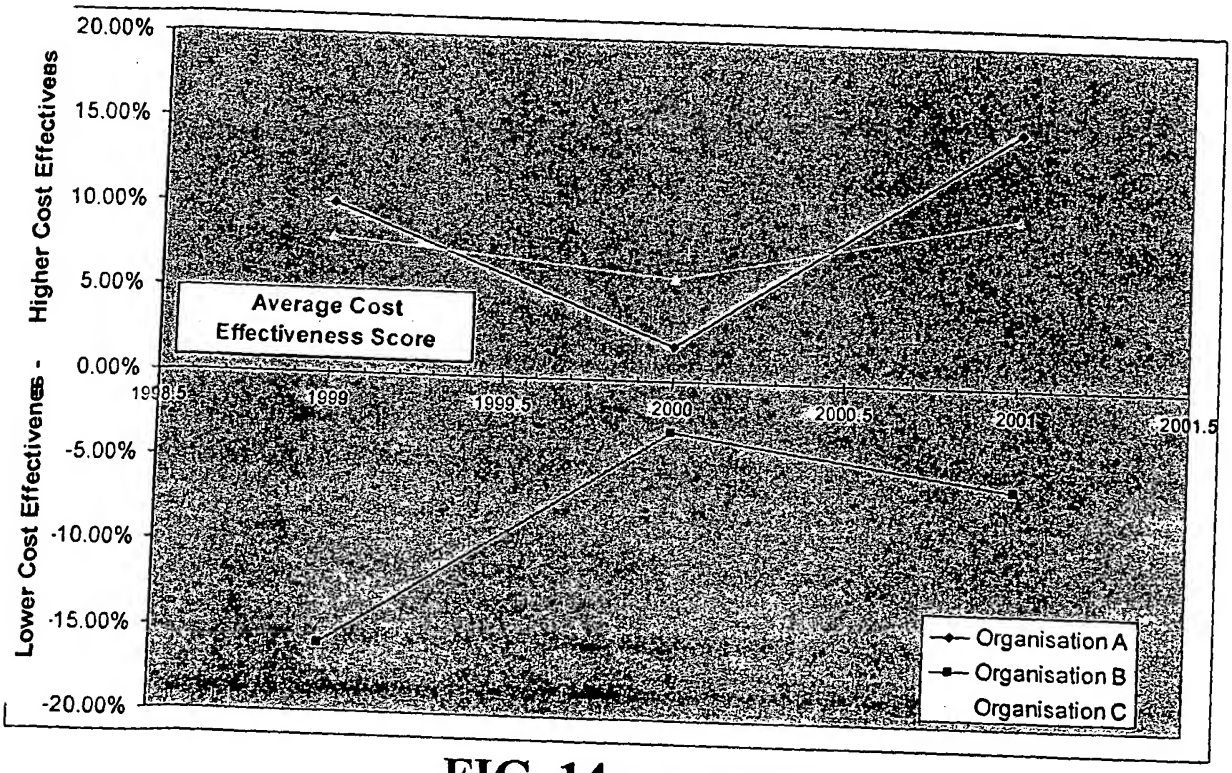
20.00%
15.00%
10.00%
5.00%
0.00%
-5.00%
-10.00%
-15.00%
-20.00%
Lower Cost Effectiveness - Higher Cost Effectiveness
Average Cost Effectiveness Score
1998.5
1999
1999.5
2000
2000.5
2001
2001.5
Organisation A
Organisation B
Organisation C

FIG. 14

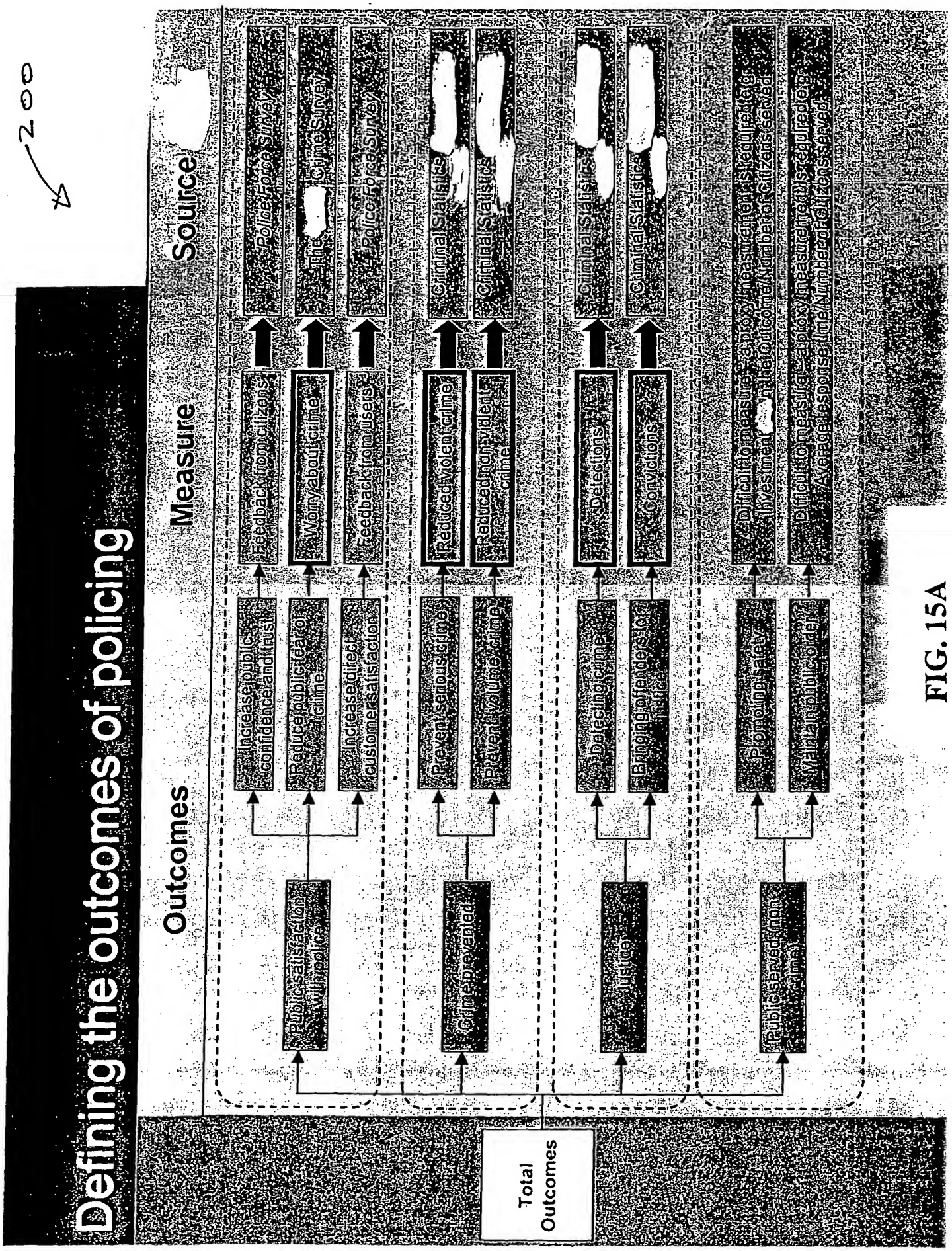
200
Defining the outcomes of policing
Outcomes
Measure
Source
Public satisfaction with police
Crime prevented
Justice
Public served (non-crime)
Increase public confidence and trust
Reduce public fear of crime
Increased direct customer satisfaction
Prevent serious crime
Prevent volume crime
Detecting crime
Bringing offenders to justice
Promoting safety
Maintain public order
Feedback from citizens
Worry about crime
Feedback from users
Reduced violent crime
Reduced property crime
Detections
Convictions
Police Force Survey
Crime Survey
Police Force Survey
Criminal Statistics
Criminal Statistics
Criminal Statistics
Criminal Statistics
Difficult to measure, approx/measurement requires regular large investment
Difficult to measure, approx/measurement requires regular large investment
Total Outcomes

FIG. 15A

210

Summary of public sector value police forces

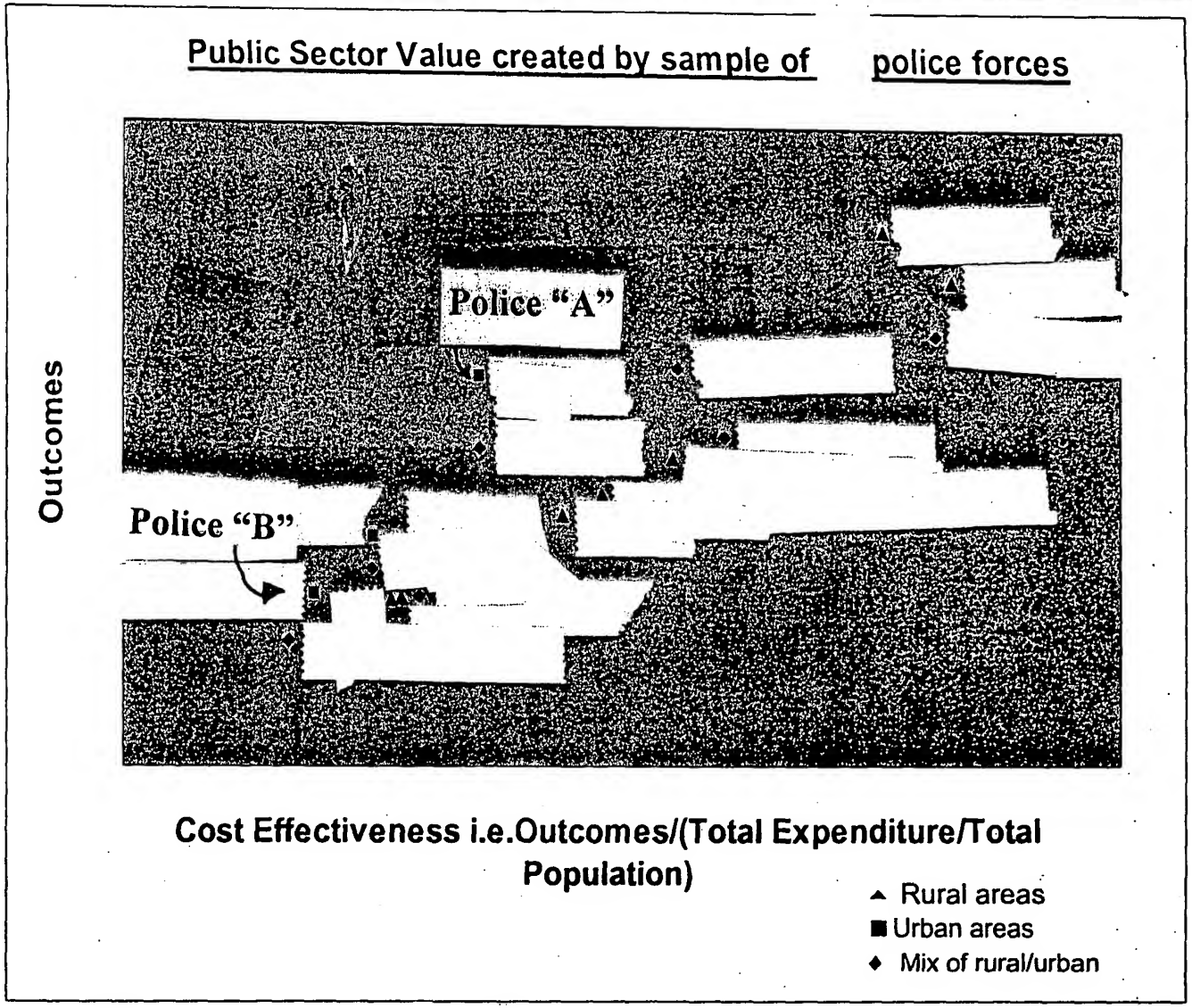

FIG. 15B

Value driver analysis – Police force with low cost-effectiveness (Police "A")

220

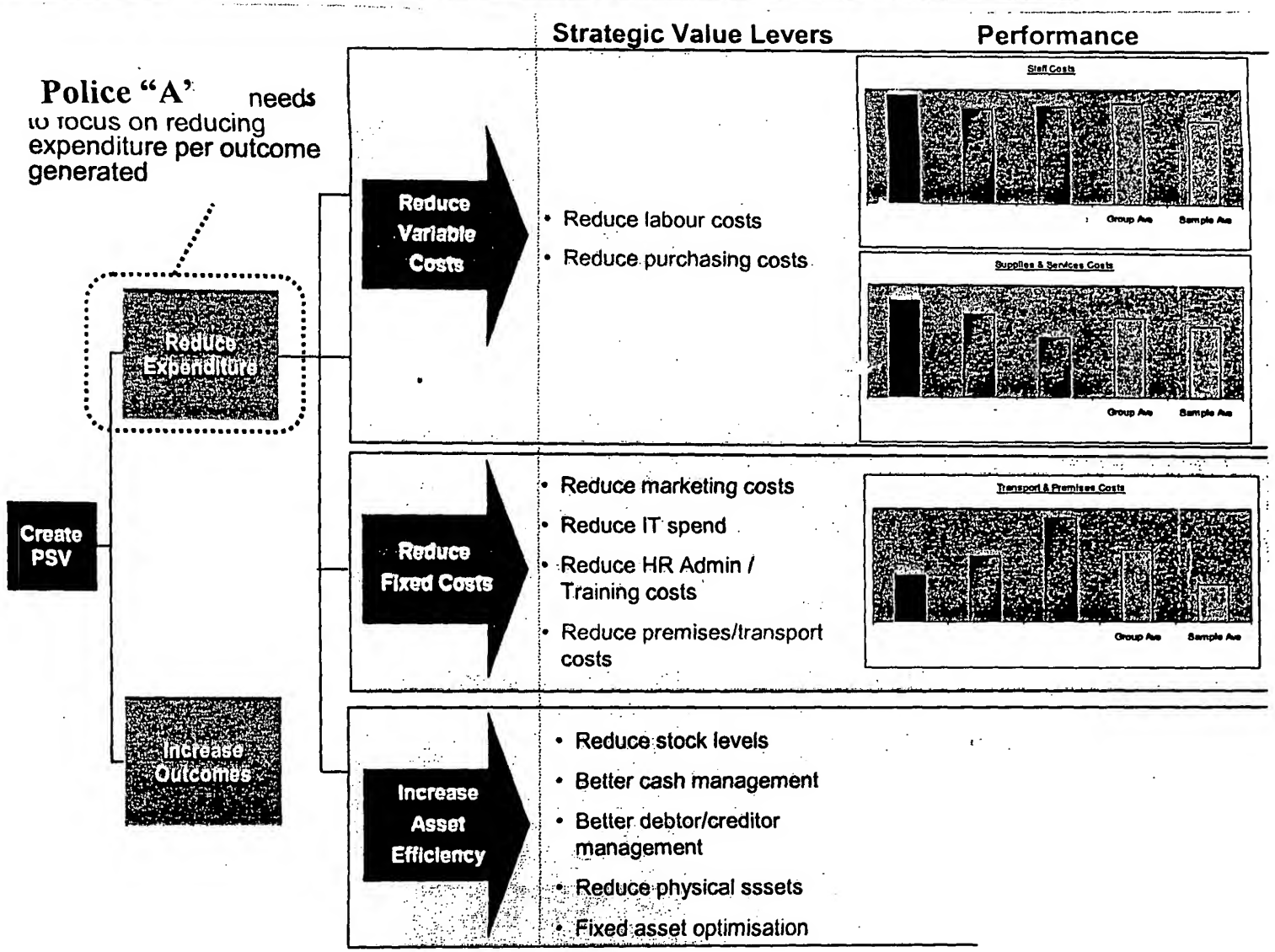

FIG. 15C

Value driver analysis – Police force with low cost-effectiveness

Police "A"

230

	Strategic Value Levers	Accenture Market Offerings
Reduce Variable Costs	• Reduce labour costs • Reduce purchasing costs	• Human Performance • Integrated Web Services • Procurement Process Enhancement • eProcurement • Supplier Managed Procurement
Reduce Fixed Costs	• Reduce marketing costs • Reduce IT spend • Reduce HR Admin / Training costs • Reduce premises/transport costs	• Customer Relationship Management • IT Outsourcing • Project and Program Management • HR Outsourcing • eLearning • Fulfilment (SCM)
Increase Asset Efficiency	• Reduce stock levels • Better cash management • Better debtor/creditor management • Reduce physical sssets • Fixed asset optimisation	• Supply Chain Value Assessment (SCVA) • Supplier Managed Procurement • eProcurement • B2B Marketplaces and eMarkets • eFinance • Back Office Performance

FIG. 15D

240

Value driver analysis – Police force with low level of outcomes (Police "B")

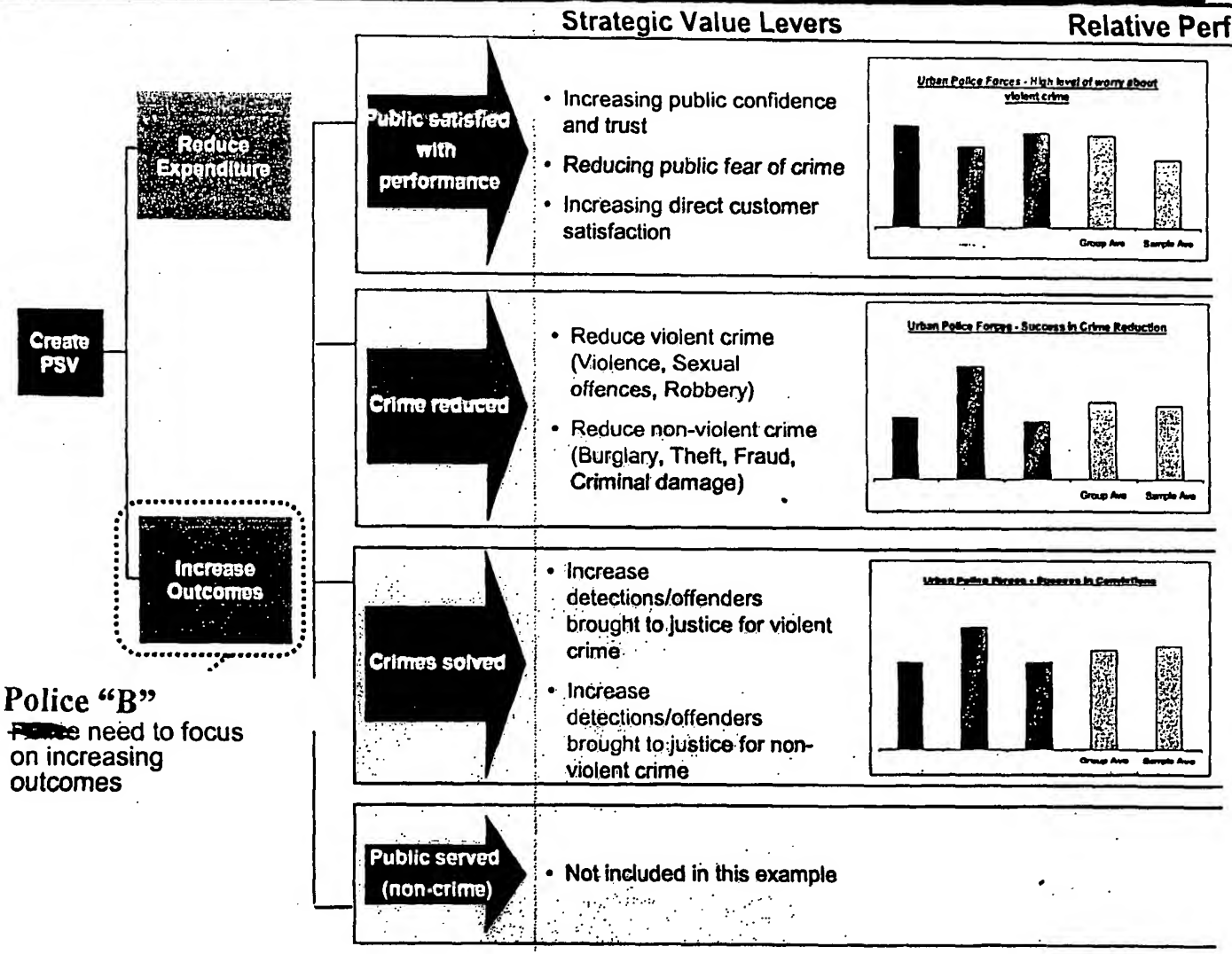

FIG. 15E

Value driver analysis – Police force with low level of outcomes (Police "B")

250

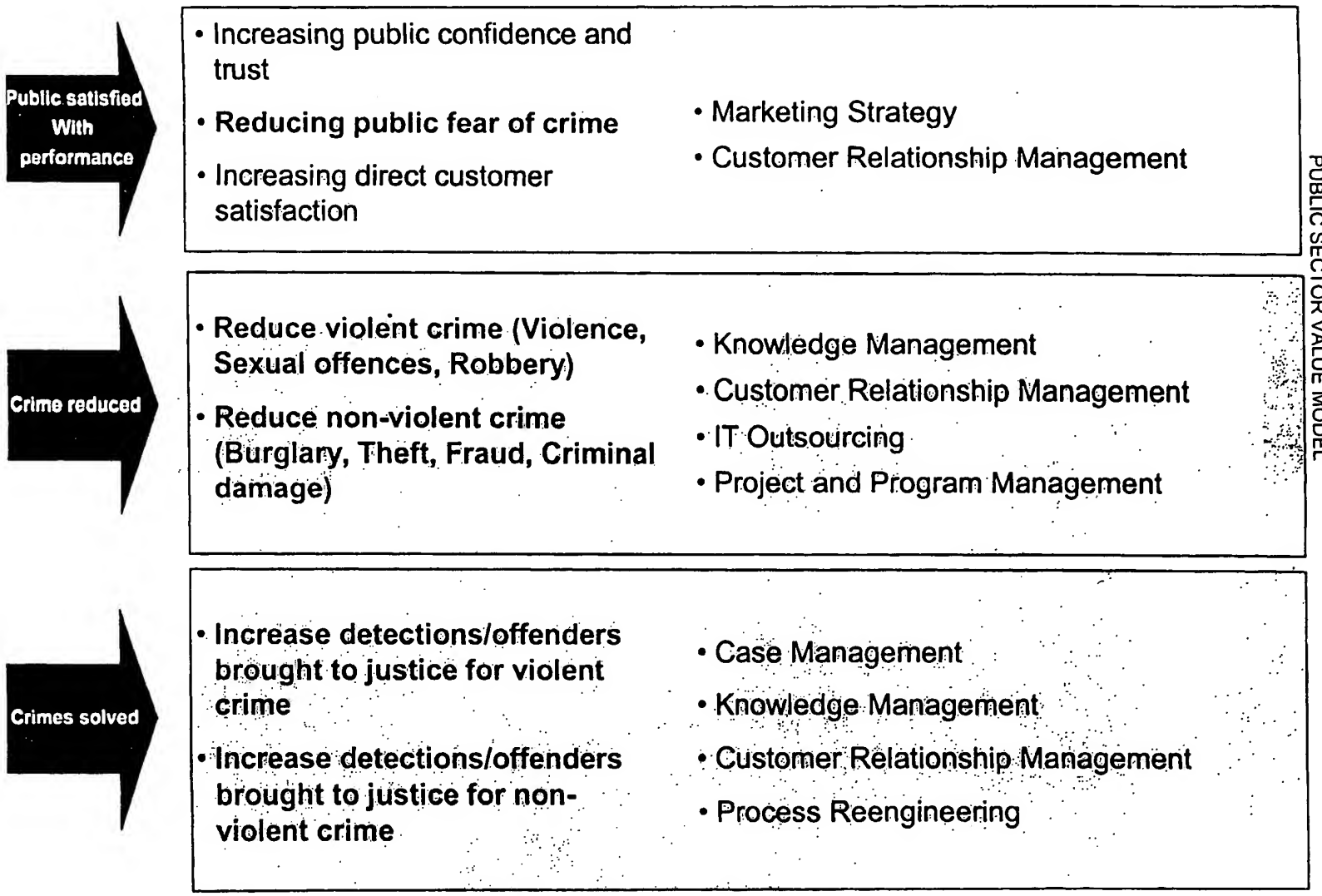

FIG. 15F

Industry analysis

290

Value Levers could be:

- Labour Costs
- IT Costs
- HR Costs

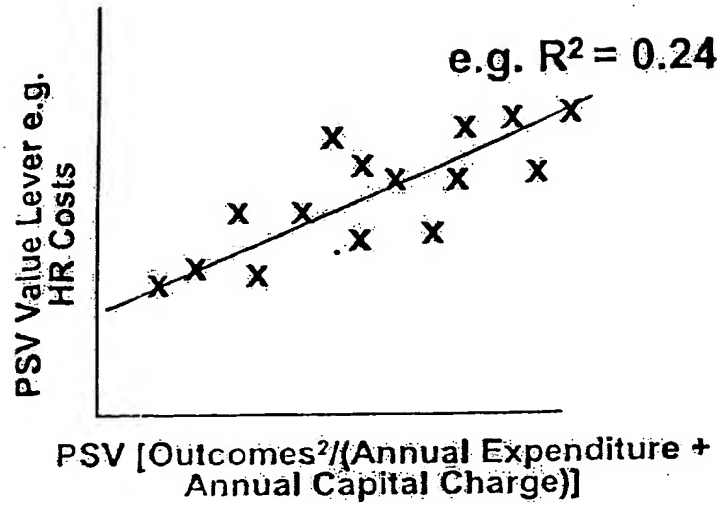

FIG. 16

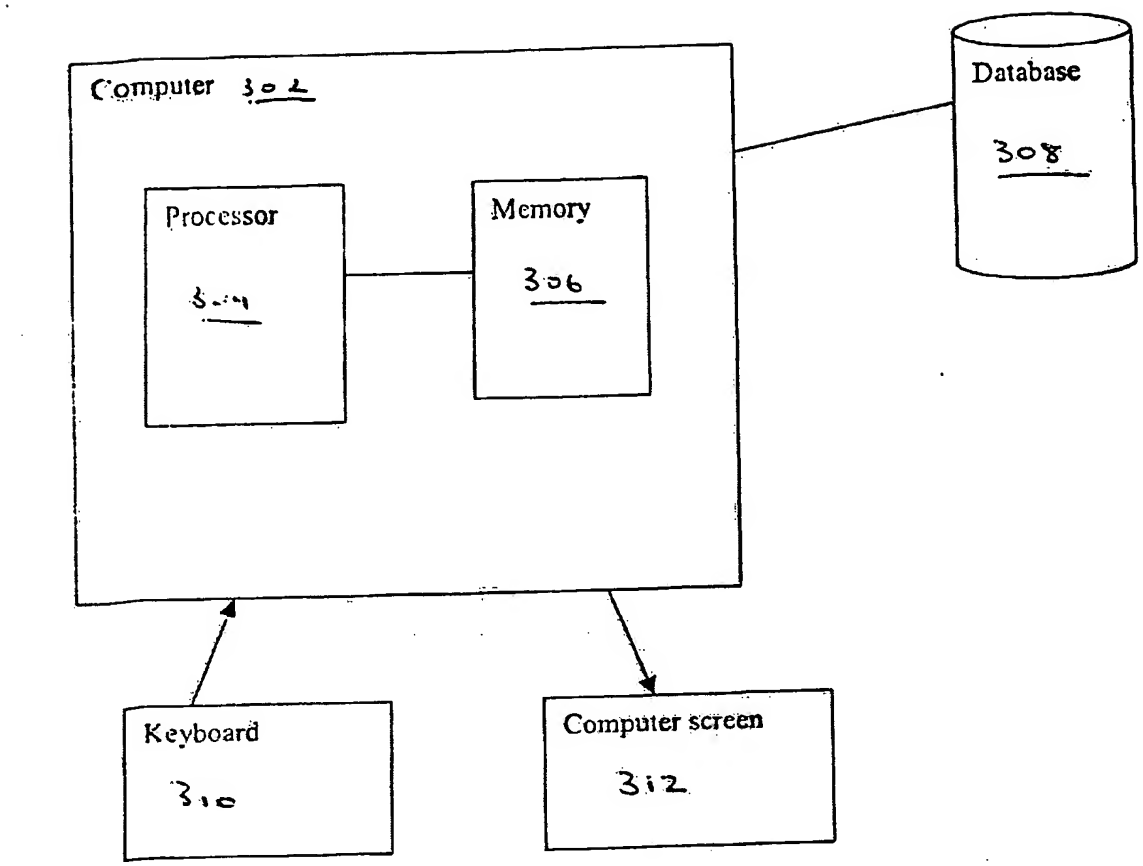
Computer 302
Processor
Memory
306
Database
308
Keyboard
310
Computer screen
312

FIG. 17

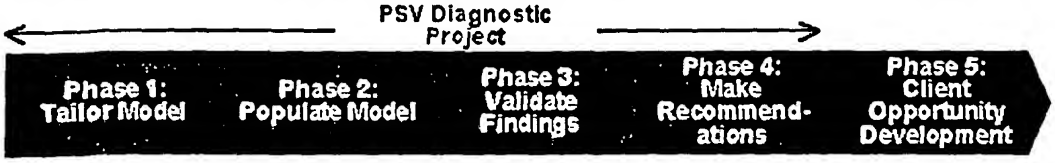
PSV Diagnostic Project
Phase 1: Tailor Model
Phase 2: Populate Model
Phase 3: Validate Findings
Phase 4: Make Recommend-ations
Phase 5: Client Opportunity Development

FIG. 18